

Message Text

CONFIDENTIAL

PAGE 01 RABAT 03644 291717Z

10

ACTION EB-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 OPIC-03 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

FEA-01 /106 W

----- 114689

R 291619Z JUL 75

FM AMEMBASSY RABAT

TO SECSTATE WASHDC 6081

INFO AMEMBASSY LONDON

AMCONSUL CASABLANCA

C O N F I D E N T I A L RABAT 3644

LONDON PLEASE PASS SUBSTANCE TO ESSO AFRICA PRESIDENT
S.J. VASTOLA

E.O. 11652: GDS

TAGS: EINV ENRG EIND MO

SUBJECT: ESSO MOROCCANIZATION NEGOTIATIONS

REF: A. RABAT 3603

B. STATE 168989

C. RABAT 2965

1. FORMER ESSO MAROC PRESIDENT SKANE MET JULY 25 WITH MINCOM
DIRECTEUR DES MINES ET DE L'ENERGIE SKALLI. SKANE OFFERED
EXPLAIN OR CLARIFY ANY ASPECT OF ESSO PROPOSAL TO EXPEDITE
GOM DECISION. SKALLI DECLINED OFFER SAYING THAT STUDY OF
ESSO PROPOSAL PROCEEDING AT NORMAL RATE THROUGH REGULAR
CHANNELS. IN REPLY TO DIRECT QUESTION RE STATUS ESSO REQUEST
FOR DOLLAR DENOMINATION OF BLOCKED FUND PORTION OF RECEIPT OF
SALE, SKALLI SAID THAT FINANCE MINISTRY HAS RULED THAT
QUOTATION OF PRICE IN FOREIGN CURRENCY IS PROHIBITED BY LAW.
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 RABAT 03644 291717Z

IN LATER CONVERSATION, SKALLI ALSO EXPRESSED VIEW THAT

ALTERNATIVE PROPOSAL FOR EXCHANGE RATE GUARANTEE WOULD VIOLATE SPIRIT OF THE LAW.

2. IN VIEW OF UNEXPECTED DELAY IN GOM RESPONSE AND MINFIN REJECTION OF CRUCIAL EXCHANGE RATE ELEMENT, SKANE ASKED FOR SKALLI'S FRANK PERSONAL EVALUATION OF PROSPECTS FOR SETTLEMENT. SKALLI FORCEFULLY EXPRESSED PERSONAL DISILLUSIONMENT WITH ESSO PROPOSAL WHICH HE NOTED ACTUALLY INCREASED PRICE DEMAND AFTER HE HAD APPEALED TO ALL PARTIES TO MAKE CONCESSIONS AND EXPLICITLY ASKED ESSO TO MAKE BOTTOM DOLLAR OFFER. SKALLI ADDED, HOWEVER, THAT "EVERYONE WANTS TO RESOLVE THIS PROBLEM; EVERYONE WANTS TO GET IT BEHIND US", ASSERTING CONCERNED GOM AGENCIES, INCLUDING SNPP, ARE STILL GIVING ESSO OFFER CAREFUL STUDY AND WILL SHORTLY BE MAKING COUNTER PROPOSAL.

3. IN SUBSEQUENT TALK WITH EMBOFF RE SKALLI'S COMPLAINT ABOUT ESSO PRICE OFFER, SKANE SAID THAT IT MIGHT BE USEFUL TO CONVEY TO SKALLI THAT ESSO WILLING TO REVIEW REQUESTED SALES PRICE, BUT THAT QUESTION OF SOME FORM OF EXCHANGE GUARANTEE OR INTERNATIONAL RATE OF INTEREST ON BLOCKED FUNDS WAS BASIC. EMBOFF CALLED SKALLI JULY 26 TO PASS THAT MESSAGE. SKALLI SEIZED OCCASION TO REPEAT HIS DISILLUSIONMENT WITH ESSO FAILURE TO MAKE SERIOUS OFFER ON PRICE. HE ADDED THAT WHEN ALL ELEMENTS OF GOM HAD COMPLETED STUDIES, A MEETING RECONCILING POINTS OF VIEW WILL BE HELD. ONCE GOM HAS DEVELOPED AGREED POSITION, ESSO WILL BE INVITED TO JOIN RESUMED NEGOTIATIONS. HE EXPRESSED DOUBT HOWEVER THAT EXCHANGE RATE PROBLEM CAN EASILY BE RESOLVED.

4. DURING THIS SECOND TALK, SKALLI TOOK SOME TIME TO EXAMINE SKANE'S PERSONAL ROLE IN NEGOTIATIONS. STRESSING THAT HE SPEAKING PERSONALLY NOT OFFICIALLY, AND REPEATING THAT ALL GOM ELEMENTS WISHED TO SEE NEGOTIATIONS SUCCESSFULLY CONCLUDED, SKALLI EXPRESSED VIEW THAT SKANE'S REPLACEMENT AS NEGOTIATOR WOULD SIGNIFICANTLY IMPROVE PROGRESS TOWARD GOAL.

5. COMMENT: SKALLI HAS EVIDENTLY PLACED OWN REPUTATION ON LINE IN SUPPORT OF EARLY SETTLEMENT. INCREASE IN PRICE DEMANDED BY ESSO AFTER HE HAD APPEALED FOR A "LAST BEST FIGURE" SEEMS TO HAVE UNDERCUT HIS BARGAINING POSITION WITH HIS OWN COLLEAGUES AND APPARENTLY RERAISED QUESTION OF ESSO'S GOOD CONFIDENTIAL

CONFIDENTIAL

PAGE 03 RABAT 03644 291717Z

FAITH. SKALLI HAS A RECORD OF GOOD RELATIONS WITH AMERICAN AND OTHER FOREIGN FIRMS AND HAS BEEN INSTRUMENTAL IN SETTLING OTHER TOUCHY DISPUTES. WE ARE THEREFORE INCLINED TO GIVE WEIGHT TO HIS CONCERNS REGARDING THE PRICING ELEMENT AND THE EXCHANGE RATE/DOLLAR DENOMINATION/INTEREST RATE PROBLEM. AS A RESULT, WE ARE SOMEWHAT LESS OPTIMISTIC THAN TWO WEEKS AGO CONCERNING LIKELIHOOD EARLY ACCORD, BUT GIVEN SKALLI'S ASSURANCE THAT THE GOM IS STILL GENUINELY SEEKING A SETTLE-

MENT, WE REMAIN PERSUADED THAT A SOLUTION CAN BE FOUND. AS WE SEE IT, ESSO SHOULD BE EXAMINING OTHER FORMULAE FOR BLOCKED FUNDS, INCLUDING REINVESTMENT THROUGH LOCAL ESSO EXPLORATION SUBSIDIARY WHICH IS SPENDING CONSIDERABLE SUMS LOCALLY. SHOULD ALSO CONSIDER REPRESENTATION QUESTION IN ANTICIPATION NEXT STAGE OF DISCUSSIONS. VASTOLA MADE GOOD IMPRESSION LOCALLY, AND WHILE WE AWARE HE VERY BUSY AND MAY BE LESS INFORMED ON SOME DETAILS OF PAST OPERATIONS AND HISTORY OF NEGOTIATIONS, WE PERSUADED THIS MORE THAN OFFSET BY PERSONALITY ADVANTAGES. WHILE THIS MUST BE COMPANY DECISION, MIGHT BE USEFUL GESTURE FOR ESSO TO LET SKALLI KNOW BY DIRECT CONTACT (PHONE CALL OR TELEX) THAT NEGOTIATIONS HENCEFORTH FIRMLY IN VASTOLA'S HANDS. NOW WOULD APPEAR TO BE AN OPPORTUNE TIME TO MAKE SUCH SUBSTITUTION BECAUSE SKANE, WE UNDERSTAND, IS ON VACATION IN WYOMING AND WILL SOON MOVE ON TO NEW ASSIGNMENT ELSEWHERE. WITH CONTINUED PRESSURE FROM DESK ON BOUTALEB, PERIODIC NUDGES AT THIS END, SKALLI'S ASSURANCE GOM GENUINELY WANTS SOLUHUON, AND SIGNAL FROM ESSO LONDON THAT GOM PREOCCUPATION REGARDING ESSO NEGOTIATING PERSONNEL RECEIVED, POSSIBILITIES FOR PROGRESS AT RECONVENED TALKS STILL GUARDEDLY HOPEFUL.
NEUMANN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, PETROLEUM INDUSTRY, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975RABAT03644
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750262-0024
From: RABAT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750712/aaaaakvn.tel
Line Count: 136
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 RABAT 3603
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 24 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 JUN 2003 by BoyleJA>; APPROVED <12 NOV 2003 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ESSO MOROCCANIZATION NEGOTIATIONS
TAGS: EINV, ENRG, EIND, MO, ESSO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006